



a world class African city



City of Johannesburg

mSCOA ICF Feedback

08 September 2015

- Overview – CoJ Group
- Approach adopted
- AS-IS assessment
- Progress to date
- Risk register
- Phased solution
- Questions



Group Overview

Joburg



theatre for a world class african city
the JOBURG THEATRE
 complex

14 Core Departments

Transport

Group Finance

Group Corporate Shared Services

Housing

JMPD

Health

Office of the Mayor

Development Planning

Community Development

Social Development

Emergency Management Services

Environment and Infrastructure

Economic Development

Office of the Speaker

APPROACH ADOPTED

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- Departure point – Alignment to the Gazette
- Process
 - Co-sourcing
 - Business knowledge – Core and Entities
 - SAP skills – Current support partner
 - Finance - Technical
- As is assessment
 - Standardised processes
 - CoJ SAP environment
- SAP Localisation
- Parallel processes – Account structure

mSCOA: Minimum Requirements: Application Functionality, Business Integration, Business Processes & Segment Classification

SCOA Segment Classification

Multi-Dimensional Chart of Accounts

Fund	Function	Municipal STD Classification	Item	Project	Region	Costing
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All Financial Postings to be Classified into these 7 Segments

Budget, Transact & Report in these 7 Segments

Minimum Business Integration requirements of an Integrated Software Solution

Business Integration

- Integrated ERP Platform
- Budget Planning Integration
- GIS Integration
- Financial Statements Integration

- Utility Application / Functionality Integration
- Asset Life-Cycle Management Integration

- Supply Chain Management and Human Resource & Payroll Management Integration.
- Reconciliation

- Statutory Reporting Requirements
- Local Government Legislation Compliance

Integration

Minimum Process Requirements

Corporate Governance	Municipal Budgeting, Planning and Financial Modelling	Financial Accounting	Costing and Reporting	Project Accounting	Treasury and Cash Management	Procurement Cycle	Grant Management
	Full Asset Life Cycle Management	Real Estate and Resources Management	Human Resource and Payroll Management	Land use and Building control Management	Valuation Roll Management	Revenue Cycle	Customer Care, Credit Control and Debt Collection

Process Competency

Minimum Requirements for financial and related systems (Application Functionality)

Corporate Governance & Municipal Reporting Framework

- Standard Chart of Accounts (SCOA) & General Ledger Requirements
- Transactions
- Database
- Data Capturing & Forms

- Security & Authorisation
- Work-Flow
- Archiving
- Electronic Services
- Mobility

- Data Management (Migration)
- Application Life-Cycle Management
- Management Information Systems
- Technology & Platform
- Training and E-Learning

Functionality













Financial and related systems: Application Functionality

CoJ mSCOA Approach



- Assess Business Process Landscape and determine alignment to the minimum SCOA process functional areas
- Financial and Systems Related assessment to determine current state of Technology and alignment to SCOA minimum requirements
- Business and Software Integration assessment to determine current state and alignment to SCOA minimum requirements
- Analyse SCOA Classification Framework (Unpack 7 Segments and determine current GAP and efforts to achieve alignment)

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Assessment approach : Business processes

What the CoJ Must Achieve for Financial Accounting Process Alignment	Outcomes / GAPS: Identified Areas for Business Improvements	Recommended Business Process Improvement and Alignment
<p>Financial accounting incorporates a host of policies, processes and procedures in order to operationalise the effective and efficient recording and accounting of daily financial transactions as well as month and year end closure procedures and transactions. The MFMA provides a platform for the prescription of norms and standards such as the Standards of Generally Recognised Accounting Practices (GRAP) which have been designed and formulated based on unique South African circumstances (such as the VAT requirements which must be accommodated by the financial system) These processes and procedures must give rise to monthly performance represented by among others, the Statement of Financial Performance, Capital and Grant Performance, Statement of Financial Position, movement in net assets and cash flow in the Section 71 in-year reporting formats</p>	<ul style="list-style-type: none"> Financial Performance <ul style="list-style-type: none"> Capital and Grant Performance Statement of Financial Position movement in net assets cash flow Section 71 Reporting 	<ul style="list-style-type: none"> Section 7 1 Reporting Processes, Guidelines Adoption of Financial Closing Processes, Process integration to be enhanced with respect to financial accounting and Controlling (Management Accounting) Integration of Project Accounting and Fund Accounting

mSCOA Segment Assessment

City of Johannesburg / MOE's	Fund	Function	Municipal Standard Classification	Item	Project	Region	Costing
CoJ Core Administration							
CoJ Revenue Management							
City Power Johannesburg							
Johannesburg Water							
Johannesburg Roads Agency							
Pikitup							
Johannesburg Parks and Zoo's							
Johannesburg Property Company							
Johannesburg Development Agency							
Johannesburg Markets							
Johannesburg Social Housing Company							
Johannesburg Theatres							
Metro Bus							

City of Johannesburg / MOE's	Transactions	Database	Technology & Platform	Security & Authorisation	Data Management (Migration)	Application Life-Cycle Management	Management Information Systems	Work-Flow	Portal	Electronic Services	Mobility	Training and E-Learning	Data Capturing & Forms	Archiving
CoJ Core Administration	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Green	Red	Green	Red	Red	Red	Red
CoJ Revenue Management	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Green	Red	Yellow	Red	Red	Red	Red
City Power Johannesburg	Yellow	Green	Green	Green	Green	Green	Red	Green	Red	Red	Yellow	Red	Red	Red
Johannesburg Water	Yellow	Green	Green	Green	Green	Green	Red	Green	Red	Red	Red	Red	Red	Red
Johannesburg Roads Agency	Green	Green	Green	Green	Green	Green	Green	Green	Red	Yellow	Yellow	Yellow	Red	Yellow
Pikitup	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Red	Red	Red	Red	Red	Yellow
Johannesburg Parks and Zoo's	Yellow	Red	Red	Yellow	Red	Green	Red	Green	Red	Red	Red	Yellow	Yellow	Green
Johannesburg Property Company	Yellow	Green	Green	Green	Green	Green	Red	Green	Red	Red	Red	Red	Red	Red
Johannesburg Development Agency	Yellow	Yellow	Yellow	Green	Green	Green	Green	Green	Red	Red	Red	Red	Red	Green
Johannesburg Markets	Yellow	Green	Green	Green	Green	Green	Red	Green	Red	Red	Red	Yellow	Green	Green
Johannesburg Social Housing Company	Yellow	Green	Yellow	Yellow	Green	Green	Red	Red	Red	Red	Red	Red	Green	Green
Johannesburg Theatres	Yellow	Red	Red	Yellow	Green	Green	Red	Red	Red	Red	Red	Red	Red	Red
Metro Bus	Yellow	Green	Green	Yellow	Green	Yellow	Yellow	Green	Red	Red	Red	Yellow	Red	Red

Example of phased compliance to Financial and related systems

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Adopted Weighting Model		
Class Weighting	Weighting Description	Weighting Percentage Allocation
M	Mandatory	70% Overall Weighting
I	Important	20% Overall Weighting
S	Supportive	10% Overall Weighting
Assessment Outcomes Model		
Compliance Measure	Compliance Description	Outcomes: Compliance Percentage Allocation per Measure
FC	Fully Compliant	100% of Allocated Weighting
PC	Partially Compliant	50% of Allocated Weighting
NC	Not Compliant	0% of Allocated Weighting

	Transactions	M
	Database	I
	Technology & Platform	M
	Training and E-Learning	S
	Data Capturing & Forms	S
	Security & Authorisation	M
	Work-Flow	M
	Archiving	I
	Electronic Services	S
	Mobility	S
	Data Management (Migration)	I
	Application Life-Cycle Management	I
	Management Information Systems	M
	Portal	M

M

I

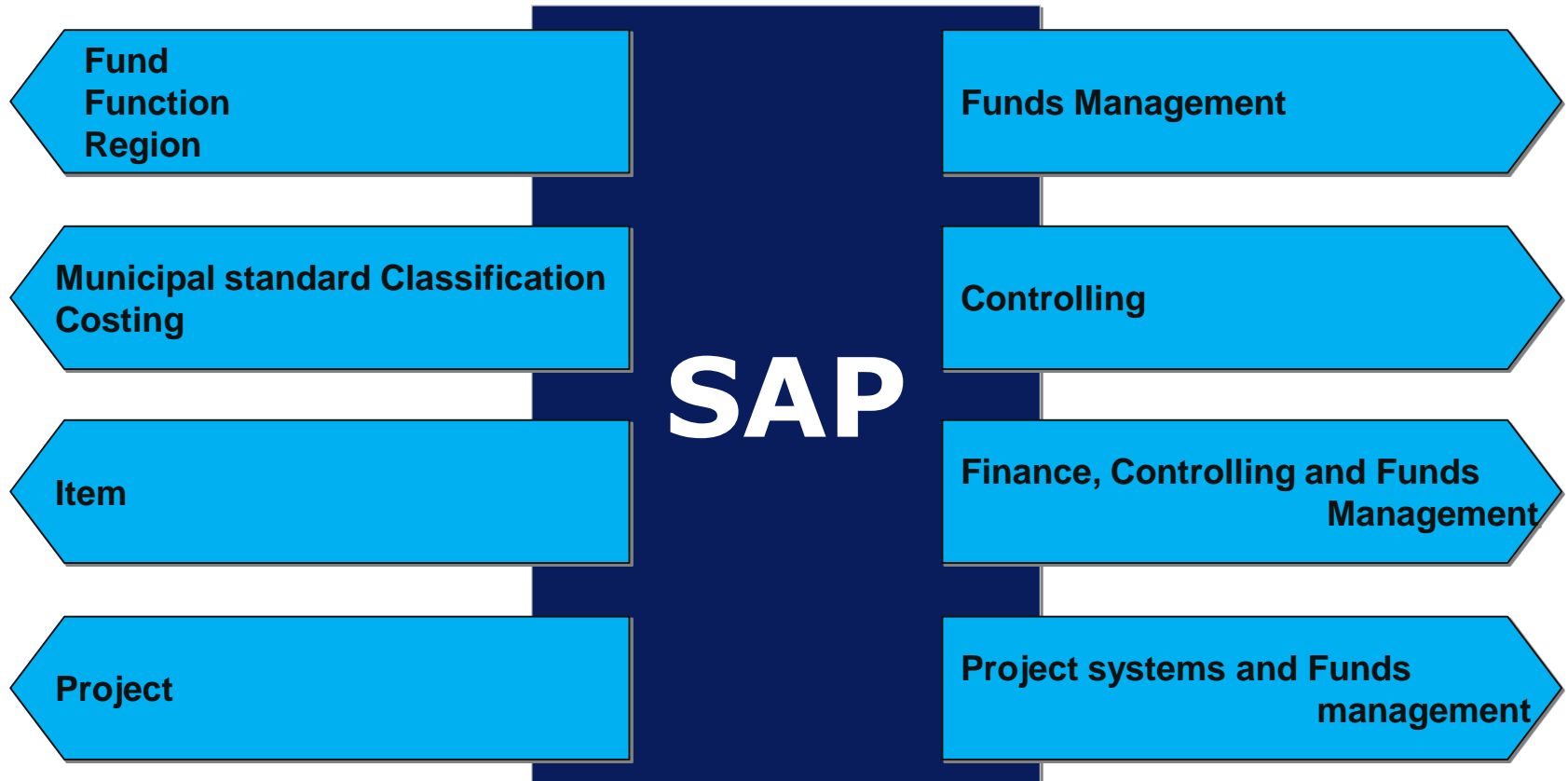
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City of Johannesburg / MOE's	Integrated ERP Platform	Budget Planning Integration	GIS Integration	Financial Statements Integration	Utility Application / Functionality Integration	Asset Life-Cycle Management Integration	Supply Chain Management and Procurement Integration	Human Resource & Payroll Management	Reconciliation	Statutory Reporting Requirements	Local Government Legislation Compliance
CoJ Core Administration	Red	Red	Red	Yellow	Red	Red	Red	Green	Red	Yellow	Green
CoJ Revenue Management	Red	Red	Red	Yellow	Red	Red	Red	Green	Red	Yellow	Green
City Power Johannesburg	Green	Yellow	Red	Yellow	Yellow	Green	Yellow	Green	Green	Yellow	Green
Johannesburg Water	Green	Yellow	Red	Yellow	Yellow	Green	Green	Yellow	Green	Yellow	Green
Johannesburg Roads Agency	Green	Green	Yellow	Green	Green	Green	Green	Green	Green	Yellow	Green
Pikitup	Yellow	Green	Red	Green	Yellow	Red	Green	Green	Green	Yellow	Green
Johannesburg Parks and Zoo's	Red	Red	Red	Green	Red	Green	Green	Green	Red	Yellow	Green
Johannesburg Property Company	Green	Yellow	Red	Yellow	Yellow	Green	Green	Yellow	Green	Yellow	Green
Johannesburg Development Agency	Yellow	Green	Red	Yellow	Green	Yellow	Green	Green	Yellow	Green	Green
Johannesburg Markets	Green	Yellow	Red	Yellow	Yellow	Green	Green	Red	Red	Yellow	Green
Johannesburg Social Housing Company	Red	Red	Red	Green	Red	Red	Red	Red	Green	Yellow	Green
Johannesburg Theatres	Red	Green	Red	Red	Red	Red	Red	Red	Green	Yellow	Green
Metro Bus	Green	Red	Red	Yellow	Green	Red	Green	Green	Green	Yellow	Green

CoJ Technology Footprint

City of Johannesburg / MOE's	Corporate Governance	Municipal Budgeting, Planning and Financial Modeling	Financial Accounting	Costing and Reporting	Project Accounting	Treasury and Cash Management	Procurement Cycle: Supply Chain Management, Expenditure Management, Contract Management and Accounts Payable	Grant Management	Full Asset Life Cycle Management including Maintenance Manage	Real Estate and Resources Management	Human Resource and Payroll Management	Land use and Building control Management	Valuation Roll Management	Revenue Cycle: Meter Reading, Billing	Customer Care, Credit Control and Debt Collection
CoJ Core Administration	Manual / Caseware	MS Excel / SAP ERP	SAP ERP	SAP ERP & Manual	SAP ERP	SAP ERP	SAP ERP	SAP ERP & Manual	SAP ERP	Manual	SAP ERP (HCM)	TAS / BAS / LIS	VA3 / Manual / SAP IS-U		SAP CRM
CoJ Revenue Management	Manual / Caseware	MS Excel / SAP ERP	SAP ERP	SAP ERP & Manual	SAP ERP	SAP ERP	SAP ERP	SAP ERP & Manual	SAP ERP	Manual	SAP ERP (HCM)	TAS / BAS / LIS	VA3 / Manual / SAP IS-U	SAP ERP - IS-U	SAP CRM / SAP ERP
City Power Johannesburg	Excel / Teammate / Caseware	MS Excel / SAP ERP	SAP ERP	SAP ERP & Manual	SAP ERP	SAP ERP	SAP ERP & Greenfields	Manual / SIMS / SAP ERP	SAP ERP	Manual	SAP ERP			MROC / SUPRIMA	E-Respond / SAP ERP
Johannesburg Water	Excel / Exclaim / Caseware	Manual	SAP ERP	SAP ERP & Manual	SAP ERP	SAP ERP	SAP ERP	Manual	SAP ERP / IMQS	Manual	SAP ERP / SWICON			MRQC / CDS (Prep-Paid)	SAP ERP
Johannesburg Roads Agency	Manual / Caseware	Manual / JDE	JDE	JDE	JDE & Manual	JDE & Manual	JDE & Manual	JDE & Manual	JDE & Manual	JDE	JDE				JDE & Manual
Pikitup	Manual / Caseware	SAP ERP / Manual	SAP ERP	SAP ERP & Manual	SAP ERP	SAP ERP	SAP ERP	SAP ERP	SAP ERP	Manual	SAP ERP			SAP ERP	SAP CRM / SAP ERP
Johannesburg Parks and Zoo's	Manual / Caseware	Manual	Great Plains	Great Plains	Great Plains	Great Plains	Great Plains	Great Plains / Manual	Great Plains / Flagforms	Manual	VIP				Manual
Johannesburg Property Company	Manual / Caseware	Nicor / PIMS / Excel	Nicor	Nicor	Manual	Nicor	PIMS / Nicor	Manual / Nicor	Manual Nicor & PIMS	Nicor	VIP Payroll				Manual
Johannesburg Development Agency	Sharepoint / Manual	Great Plains / DIMS / Rengisa	Great Plains	Great Plains	Manual	Great Plains	RENGISA	Manual	Manual	Sharepoint / Manual	VIP Payroll				Manual / Great Plains
Johannesburg Markets	Manual	Excel / JDE	JDE	JDE	Manual	JDE	JDE	Excel / JDE	Manual / JDE	Manual	Payday				Latitude / SPS / JDE
Johannesburg Social Housing Company	Manual	Manual / Pastel Evolution	Pastel Evolution	Pastel Evolution	Pastel Evolution	Pastel Evolution	Pastel Evolution	Manual / Pastel Evolution	Pastel Evolution	MDA	SAP ERP (HR)				MDA
Johannesburg Theatres	Manual / SAGE	Excel / Manual / SAGE	SAGE	MS Excel	Excel	Bank Manager / SAGE	SAGE	Manual	Manual / SAGE	Manual	Pastel Payroll				Manual
Metro Bus	Manual	Manual / Oracle	Oracle	Manual	Manual	Oracle	Oracle / Manual	Manual	Oracle	Manual	Oracle				Manual



- Reports have been distributed to the various MoEs.
- Once comments have been received the individual entity reports will be updated and finalised.
- Adoption of an approach for the implementation of mSCOA from a Group perspective.
- Development of detailed implementation plans - Core and entities.
- The implementation of mSCOA is dependent on the SAP Upgrade.
- Common platform – 5 year strategy
- Interim phased approach :
 - BPC

➤ SAP SA path :

- Conceptual build and prototyping until December 2015
- Documentation and testing of prototype until May 2016
- General availability in EHP 8 in June 2016.



Risks

Area	Risk	Level Of Audit Risk
Change management	Lack of training initiatives	MED
Business process alignment	Alignment to best practice processes	MED
Complexity and volume of transactions	COJ CORE to MOE's transactional setup Monthly volume of transactions. Multitude of transactional types throughout the COJ Group	HIGH
Audit Compliance	GRAP alignment Comparative figures Audit approach National Treasury SCOA may be in conflict with GRAP requiring system reconfiguration	MED
Project risks	Delays in reconfiguring mSCOA after feedback from COJ may delay implementation. Deadline 1 July 2017 Conflicts with other projects/initiatives/service delivery Retraining on staff/lack of staff skills	HIGH
Capacity and Skills	Lack of skilled resources Internal Capacity issues Lack of internal expertise and capacity to perform assessment procedures Unwillingness of MOEs to change system to be one on instance of ERP Disruptions in daily operations due to implementation	HIGH

Area	Risk	Level Of Audit Risk
Financial and related system requirements	<p>Delays in the upgrade of CoJ ERP</p> <p>No central single ERP instance</p> <p>Multiple disparate systems</p> <p>Multiple interfaces</p> <p>Infrastructure strategy not aligned to application strategy</p> <p>No unified Change Approval Board (CAB) process</p> <p>End of life on SAP 4.6 support</p> <p>New General Ledger implementation a re-implementation of mSCOA</p> <p>Interfaces from MOE's very manual</p> <p>Complexity of implementation due to multitude of external systems which must be modified</p> <p>Unauthorised customisation of new implementation</p>	HIGH



Thank you